EXHIBIT 11 – PART 6 OF 8

The Company and its affiliates have interrelated operations. KACC provides some of its affiliates with services such as management and engineering. Significant activities with affiliates include the acquisition and processing of bauxite, alumina, and primary aluminum Purchases from these affiliates were $235.7, $223.7 and $235 1, in the years ended December 31, 2000, 1999 and 1998, respectively.

4. Property, Plant, and Equipment

The major classes of property, plant, and equipment are as follows:

	December 31,	
	2000	1999
Land and improvements	$ 130.7	$ 166 1
Buildings	197.2	230 0
Machinery and equipment	1,702 8	1,519.7
Construction in progress	130.3	67.7
	2,161.0	1,983 5
Accumulated depreciation	(984.9)	(929.8)
Property, plant, and equipment, net	$ 1,176 1	$ 1,053 7

KACC evaluated the recoverability of the approximate $200.0 carrying value of its Washington smelters, as a result of the change in the economic environment of the Pacific Northwest associated with the reduced power availability and higher power costs for KACC's Washington smelters under the terms of the new contract with the Bonneville Power Administration ("BPA") starting in October 2001 (see Note 7) The Company determined that the expected future undiscounted cash flows of the Washington smelters were below their carrying value. Accordingly, during the fourth quarter of 2000, KACC adjusted the carrying value of its Washington smelting assets to their estimated fair value, which resulted in a non-cash impairment charge of approximately $33.0 (which amount was reflected in Other non-recurring operating items, net - see Note 6). The estimated fair value was based on anticipated future cash flows discounted at a rate commensurate with the risk involved.

During September 2000, KACC sold its Pleasanton, California, office complex because the complex had become surplus to the Company's needs Net proceeds from the sale were approximately $51.6 and resulted in a net pre-tax gain of $22.0 (included in Other income (expense) - see Note 1)

In May 2000, KACC acquired the assets of a drawn tube aluminum fabricating operation in Chandler, Arizona Total consideration for the acquisition was $16.1, consisting of cash payments of $15.1 and assumed current liabilities of $1.0 The purchase price was allocated to the assets acquired based on their estimated fair values, of which approximately $1.1 was allocated to property, plant and equipment and $2 8 was allocated to receivables, inventory and prepaid expenses. The excess of the purchase price over the fair value of the assets acquired (goodwill) was approximately $12.2 and is being amortized on a straight-line basis over 20 years. Total revenues for the Chandler facility were approximately $13.8 for the year ended December 31, 1999 (unaudited)

During the quarter ended March 31, 2000, KACC, in the ordinary course of business, sold certain non-operating properties for total proceeds of approximately $12.0. The sale did not have a material impact on the Company's operating results for the year ended December 31, 2000

In February 2000, KACC completed the sale of the Micromill assets and technology for a nominal payment at closing and possible future payments based on subsequent performance and profitability of the Micromill technology. The sale did not have a material impact on the Company's 2000 operating results. As a result of the changes in strategic course in the further development and deployment of KACC's Micromill technology , the carrying value of the Micromill assets was reduced by recording impairment charges of $19 1 and $45 0 in 1999 and 1998, respectively (see Note 6).

5. Labor Dispute, Settlement and Related Costs

As previously reported, prior to the settlement of the labor dispute discussed below, KACC was operating five of its U.S facilities with salaried employees and other employees as a result of the September 30, 1998, strike by the United Steelworkers of America (" USWA") and the subsequent " lock-out" by KACC in January 1999. The labor dispute was settled in September 2000. A significant portion of the issues were settled through direct negotiations between KACC and the USWA and the remaining issues were settled pursuant to an agreed-upon arbitration process. Under the terms of the settlement, USWA members generally returned to the affected plants during October 2000. The new labor contract, which expires in September 2005, provides for a 2.6% average annual increase in the overall wage and benefit packages, results in the reduction of at least 540 hourly jobs at the five facilities (from approximately 2,800 on September 30, 1998), allows KACC greater flexibility in using outside contractors and provides for productivity gains by allowing KACC to utilize the knowledge obtained during the labor dispute without many of the work-rule restrictions that were a part of the previous labor contract The Company has recorded a one-time pre-tax charge of $38.5 in its results of operations for the year ended December 31, 2000, to reflect the incremental, non-recurring impacts of the labor settlement, including severance and other contractual obligations for non-returning workers. At December 31, 2000, the total remaining liability associated with the labor settlement charge was $16.3 It is anticipated that substantially all remaining costs will be incurred during 2001 or early 2002 See Note 14 for the allocation of the labor settlement charge by business unit.

During the period of the strike and subsequent lock-out, the Company continued to accrue certain benefits (such as pension and other postretirement benefit costs/liabilities) for the USWA members, which accruals were based on the terms of the previous USWA contract The difference between the amounts accrued for the returning workers and the amounts agreed to in the settlement with the USWA resulted in an approximate $33.6 increase in KACC's accumulated pension obligation and an approximate $33.4 decrease in KACC's accumulated other postretirement benefit obligations. In accordance with generally accepted accounting principles, these amounts will be amortized to expense over the employees' expected remaining years of service

On March 1, 2001, in connection with the USWA settlement agreement, KACC redeemed all of its Cumulative (1985 Series A) and Cumulative (1985 Series B) Preference Stock See Note 11

6. Non-Recurring Operating Items, Net (other than labor settlement)

The income (loss) impact associated with non-recurring operating items, net, other than the labor settlement charge, for 2000, 1999 and 1998 was as follows

	Business Segment	Year Ended December 31, 2000	1999	1998
Net gains from power sales (Note 7)	Primary Aluminum	$ 159.5	$ -	$ -
Impairment charge -				
Washington smelters (Note 4)	Primary Aluminum	(33.0)	-	-
Gramercy related items				
Incremental maintenance (Note 2)	Bauxite & Alumina	(11.5)	-	-
Insurance deductibles, etc. (Note 2)	Bauxite & Alumina	-	(4 0)	-
	Corporate	-	(1.0)	-
LIFO inventory charge (Note 1)	Bauxite & Alumina	(7 0)	-	-
Impairment charges associated with				
product line exits	Flat-Rolled Products	(12.6)	-	-
	Engineered Products	(5 6)	-	-
Restructuring charges	Bauxite & Alumina	(8)	-	-
	Primary Aluminum	(3.1)	-	-
	Corporate	(5 5)	-	-
Micromill impairment (Note 4)	Micromill	-	(19 1)	(45.0)
Incremental strike-related costs	Bauxite & Alumina	-	-	(11.0)
	Primary Aluminum	-	-	(29 0)
	Flat-Rolled Products	-	-	(16.0)
	Engineered Products	-	-	(4.0)
		$ 80 4	$ (24.1)	$ (105.0)

The $12.6 impairment charge reflected by KACC's Flat-Rolled products segment in 2000 includes a $11.1 LIFO inventory charge (see Note 1), of which $3.6 was recorded in the fourth quarter of 2000, and a $1.5 charge to reduce the carrying value of certain assets to their estimated net realizable value as a result of the segment's decision to exit the can body stock product line. The $5.6 impairment charge recorded by KACC's Engineered products segment in 2000 includes a $ 9 LIFO inventory charge (all in the fourth quarter of 2000) and a $4.7 charge to reduce the carrying value of certain machining facilities and assets, which are no longer required as a result of the segment's decision to exit a marginal product line, to their estimated net realizable value.

The restructuring charges recorded by KACC's Primary aluminum segment in 2000 represent employee benefit and other costs for approximately 50 job eliminations reflecting a reduced emphasis on technology sales and reduced salaried employee requirements at KACC's Tacoma facility, given its current curtailment. The Corporate portion of the restructuring charges in 2000 represent employee benefit and other costs associated with the consolidation or elimination of certain corporate staff functions. The Corporate restructuring initiatives in 2000 involve a group of approximately 50 employees. As of December 31, 2000, the total remaining liability associated with both restructuring efforts was $2.8. It is anticipated that all remaining costs will be incurred during 2001.

The incremental strike-related costs in 1998 reflect the adverse impact on the Company's profitability due to the USWA strike in September 1998.

7. Pacific Northwest Power Sales and Operating Level

Power Sales. In response to the unprecedented high market prices for power in the Pacific Northwest, KACC temporarily curtailed the primary aluminum production at the Tacoma and Mead, Washington smelters during the second half of 2000 and sold a portion of the power that it had under contract through September 30, 2001. As a result of the curtailments, KACC avoided the need to purchase power on a variable market price basis and will receive cash proceeds sufficient to more than offset the cash impact of the potline curtailments over the period for which the power was sold. To implement the curtailment, KACC temporarily curtailed the two and one-half operating potlines at its Tacoma smelter and two and one-half out of a total of eight potlines at its Mead smelter in June 2000 and temporarily curtailed the remaining Mead potlines during the fourth quarter of 2000 One-half of a potline at the Tacoma smelter was already curtailed The Company recorded net pre-tax gains of approximately $159.5 in 2000, of which $103.2 was recorded in the fourth quarter, as a result of these power sales The net gain amounts were composed of gross proceeds of $207.8, of which $88.0 (included in Receivables - other at December 31, 2000) was received through February 28, 2001. The gross proceeds were offset by employee-related expenses, incremental excess power costs, a non-cash LIFO inventory charge and other fixed commitments, which amounts are expected to be paid through September 2001 The resulting net gains have been reflected in Other non-recurring operating items, net (see Note 6).

As previously announced, in a series of transactions completed during the first quarter of 2001, KACC agreed to sell a substantial majority of the remaining power that it had under contract through September 2001. These power sales, before consideration of any applicable non-energy costs (which have yet to be determined), are expected to result in pre-tax gains of approximately $260.0 in the first quarter of 2001. Approximately one-half of the net proceeds are expected to be received in late March 2001, with the balance being received periodically through October 2001 Based on the forward price for power experienced during the first quarter of 2001, the value of the remaining power that KACC has under contract that can be sold is estimated to be between $20.0 and $40 0.

Future Power Supply During October 2000, KACC signed a new power contract with the BPA under which the BPA will provide KACC's operations in the State of Washington with power during the period October 2001 through September 2006 The contract will provide KACC with sufficient power to fully operate KACC's Trentwood facility as well as approximately 40% of the combined capacity of KACC's Mead and Tacoma aluminum smelting operations Power costs under the new contract are expected to exceed the cost of power under KACC's current BPA contract by between 20% to 60% and, perhaps, by as much as 100% in certain periods. Additional provisions of the new BPA contract include a take-or-pay requirement, an additional cost recovery mechanism under which KACC's base power rate could be increased and clauses under which KACC's power allocation could be curtailed, or its costs increased, in certain instances KACC does not have any remarketing rights under the new BPA contract. KACC has the right to terminate the contract until certain pricing and other provisions of the BPA contract are finalized, which is expected to be mid-2001.

Depending on the ultimate price for power under the terms of the new BPA contract or the availability of an alternate power supply at an acceptable price, KACC may be unable to operate the Mead and Tacoma smelters in the near or long-term. Under KACC's contract with the USWA, KACC is liable for certain severance and supplemental unemployment benefits for laid-off workers. Costs related to the period from January 1, 2001 to September 30, 2001 have been accrued to the extent the costs were fixed and determinable. However, the Company may become liable for additional costs. In particular, the Company would become liable for certain early retirement benefits for USWA workers at the Mead and Tacoma facilities if such facilities are not restarted prior to late 2002 or early 2003. Such costs could be significant and would adversely impact the Company's operating results and liquidity.

8. Long-Term Debt

Long-term debt and its maturity schedule are as follows:

	2001	2002	2003	2004	2005	2006 and After	December 31, 2000 Total	December 31, 1999 Total
Credit Agreement	$ 30 4						$ 30 4	$ 10 4
9⅞% Senior Notes due 2002, net		$224.8					224.8	224.6
10⅞% Senior Notes due 2006, net						$225.5	225 5	225.6
12¾% Senior Subordinated Notes due 2003			$400 0				400 0	400 0
Alpart CARIFA Loans - (fixed and variable rates) due 2007, 2008						56.0	56 0	60.0
Other borrowings (fixed and variable rates)	1.2	.2	.2	$ .2	$ .2	50.7	52.7	52.2
Total	$ 31.6	$225 0	$400.2	$ .2	$ .2	$332 2	989.4	972.8
Less current portion							31.6	3
Long-term debt							$957 8	$972.5

Credit Agreement and Liquidity. The Company and KACC have a credit agreement, as amended, (the "Credit Agreement") which provides a secured, revolving line of credit through August 15, 2001 KACC is able to borrow under the facility by means of revolving credit advances and letters of credit (up to $125 0) in an aggregate amount equal to the lesser of $300.0 (reduced from $325.0 in December 2000) or a borrowing base relating to eligible accounts receivable and eligible inventory. As of December 31, 2000, $155.3 (of which $69.3 could have been used for letters of credit) was available to KACC under the Credit Agreement The Credit Agreement is unconditionally guaranteed by the Company and by certain significant subsidiaries of KACC. Interest on any outstanding balances will bear a spread (which varies based on the results of a financial test) over either a base rate or LIBOR, at KACC's option The interest rate at December 31, 2000 was 11 0%. As of February 28, 2001, there were $94 0 of borrowings outstanding under the Credit Agreement and remaining availability of approximately $120.0. However, proceeds of approximately $130.0 related to 2001 power sales are expected to be received at or near March 30, 2001, and an additional $130.0 of power proceeds will be received periodically through October 2001 with respect to other power sales made during the first quarter of 2001.

It is the Company's and KACC's intention to extend or replace the Credit Agreement prior to its expiration. However, in order for the Credit Agreement to be extended, on a short-term basis, beyond August 2001, KACC will have to have a plan to mitigate the $225.0 million of 9⅞% Notes, due February 2002. For the Credit Agreement to be extended past February 2003, both the 9⅞% Notes and the 12¾% Notes, due February 2003, will have to be retired and/or refinanced. As of February 28, 2001, KACC had received approval from the Credit Agreement lenders to purchase up to $50 0 of the 9⅞% Notes. As of February 28, 2001, KACC has purchased approximately $1.0 of 9⅞% Notes

As previously disclosed, KACC is considering the possible sale of part or all of its interests in certain operating assets The contemplated transactions are in various stages of development. KACC expects that at least one operating asset will be sold KACC has multiple transactions under way It is unlikely, however, that it would consummate all of the transactions under consideration Further, there can be no assurance as to the likelihood, timing or terms of such sales. The Company would expect to use the proceeds from any such sales for debt reduction, capital spending or some combination thereof.

Alpart CARIFA Loans. In December 1991, Alumina Partners of Jamaica ("Alpart") entered into a loan agreement with the Caribbean Basin Projects Financing Authority ("CARIFA"). As of December 31, 2000, Alpart's obligations under the loan agreement were secured by two letters of credit aggregating $59.7. KACC was a party to one of the two letters of credit in the amount of $38.8 in respect of its ownership interest in Alpart. Alpart has also agreed to indemnify bondholders of CARIFA for certain tax payments that could result from events, as defined, that adversely affect the tax treatment of the interest income on the bonds

During March 2000, Alpart redeemed $4.0 principal amount of the CARIFA loans. During March 2001, Alpart redeemed an additional $34.0 principal amount of the CARIFA loans and, accordingly, KACC's letter of credit securing the loans was reduced to $15.3. The March 2001 redemption had a modest beneficial effect on the unused availability remaining under the Credit Agreement as the additional Credit Agreement borrowings of $22.1 required for KACC's share of the redemption were more than offset by a reduction in the amount of letters of credit outstanding

Debt Covenants and Restrictions The Credit Agreement requires KACC to comply with certain financial covenants and places restrictions on the Company's and KACC's ability to, among other things, incur debt and liens, make investments, pay dividends, undertake transactions with affiliates, make capital expenditures, and enter into unrelated lines of business. The Credit Agreement is secured by, among other things, (i) mortgages on KACC's major domestic plants (excluding KACC's Gramercy alumina plant); (ii) subject to certain exceptions, liens on the accounts receivable, inventory, equipment, domestic patents and trademarks, and substantially all other personal property of KACC and certain of its subsidiaries, (iii) a pledge of all the stock of KACC owned by Kaiser; and (iv) pledges of all of the stock of a number of KACC's wholly owned domestic subsidiaries, pledges of a portion of the stock of certain foreign subsidiaries, and pledges of a portion of the stock of certain partially owned foreign affiliates

The obligations of KACC with respect to its 9⅞% Notes, its 10⅞% Notes and its 12¾% Notes are guaranteed, jointly and severally, by certain subsidiaries of KACC. The indentures governing the 9⅞% Notes, the 10⅞% Notes and the 12¾% Notes (collectively, the "Indentures") restrict, among other things, KACC's ability to incur debt, undertake transactions with affiliates, and pay dividends. Further, the Indentures provide that KACC must offer to purchase the 9⅞% Notes, the 10⅞% Notes and the 12¾% Notes, respectively, upon the occurrence of a Change of Control (as defined therein), and the Credit Agreement provides that the occurrence of a Change in Control (as defined therein) shall constitute an Event of Default thereunder.

The Credit Agreement does not permit the Company, and significantly restricts KACC's ability, to pay dividends on their common stock.

Restricted Net Assets of Subsidiaries Certain debt instruments restrict the ability of KACC to transfer assets, make loans and advances, and pay dividends to the Company. The restricted net assets of KACC totaled $87 0 and $70 7 at December 31, 2000 and 1999, respectively

9. Income Taxes

Income (loss) before income taxes and minority interests by geographic area is as follows.

	Year Ended December 31,		
	2000	1999	1998
Domestic	$ (96.6)	$ (81.8)	$ (93.6)
Foreign	122 0	(8.1)	77.7
Total	$ 25 4	$ (89 9)	$ (15 9)

Income taxes are classified as either domestic or foreign, based on whether payment is made or due to the United States or a foreign country. Certain income classified as foreign is also subject to domestic income taxes.

The (provision) benefit for income taxes on income (loss) before income taxes and minority interests consists of.

		Federal	Foreign	State	Total
2000	Current	$ (1.9)	$ (35.3)	$ (3)	$ (37.5)
	Deferred	35.5	(8.9)	(7)	25 9
	Total	$ 33.6	$ (44.2)	$ (1.0)	$ (11.6)
1999	Current	$ (.5)	$ (23.1)	$ (.3)	$ (23 9)
	Deferred	43.8	7.1	5.7	56.6
	Total	$ 43.3	$ (16 0)	$ 5 4	$ 32.7
1998	Current	$ (1.8)	$ (16.5)	$ (.2)	$ (18.5)
	Deferred	44 4	(12.5)	3.0	34.9
	Total	$ 42.6	$ (29.0)	$ 2.8	$ 16.4

A reconciliation between the (provision) benefit for income taxes and the amount computed by applying the federal statutory income tax rate to income (loss) before income taxes and minority interests is as follows:

	Year Ended December 31,		
	2000	1999	1998
Amount of federal income tax (provision) benefit based on the statutory rate	$ (8 9)	$ 31.2	$ 5.6
Revision of prior years' tax estimates and other changes in valuation allowances	(1.8)	1.1	8.3
Percentage depletion	3 0	2 8	3.2
Foreign taxes, net of federal tax benefit	(3 2)	(3.2)	(1 9)
Other	(.7)	.8	1.2
(Provision) benefit for income taxes	$ (11.6)	$ 32.7	$ 16.4

The components of the Company's net deferred income tax assets are as follows:

	December 31, 2000	December 31, 1999
Deferred income tax assets.		
Postretirement benefits other than pensions	$ 267 4	$ 274 7
Loss and credit carryforwards	125.2	119.3
Other liabilities	143.7	146.3
Other	181.5	193.9
Valuation allowances	(122.3)	(125.6)
Total deferred income tax assets-net	595.5	608.6
Deferred income tax liabilities:		
Property, plant, and equipment	(105.1)	(101.6)
Other	(26.2)	(69.6)
Total deferred income tax liabilities	(131.3)	(171.2)
Net deferred income tax assets	$ 464.2	$ 437.4

The principal component of the Company's net deferred income tax assets is the tax benefit, net of certain valuation allowances, associated with the accrued liability for postretirement benefits other than pensions. The future tax deductions with respect to the turnaround of this accrual will occur over a 30-to-40-year period If such deductions create or increase a net operating loss, the Company has the ability to carry forward such loss for 20 taxable years Accordingly, the Company believes that a long-term view of profitability is appropriate and has concluded that this net deferred income tax asset will more likely than not be realized.

A substantial portion of the valuation allowances provided by the Company relates to loss and credit carryforwards. To determine the proper amount of valuation allowances with respect to these carryforwards, the Company evaluated all appropriate factors, including any limitations concerning their use and the year the carryforwards expire, as well as the levels of taxable income necessary for utilization. With regard to future levels of income, the Company believes, based on the cyclical nature of its business, its history of operating earnings, and its expectations for future years, that it will more likely than not generate sufficient taxable income to realize the benefit attributable to the loss and credit carryforwards for which valuation allowances were not provided.

As of December 31, 2000 and 1999, $56.0 and $39 1, respectively, of the net deferred income tax assets listed above are included in the Consolidated Balance Sheets in the caption entitled Prepaid expenses and other current assets Certain other portions of the deferred income tax liabilities listed above are included in the Consolidated Balance Sheets in the captions entitled Other accrued liabilities and Long-term liabilities.

The Company and its domestic subsidiaries file consolidated federal income tax returns. During the period from October 28, 1988, through June 30, 1993, the Company and its domestic subsidiaries were included in the consolidated federal income tax returns of MAXXAM. The tax allocation agreements of the Company and KACC with MAXXAM terminated pursuant to their terms, effective for taxable periods beginning after June 30, 1993. However, payments or refunds for periods prior to July 1, 1993 related to certain jurisdictions could still be required pursuant to the Company's and KACC's respective tax allocation agreements with MAXXAM In accordance with the Credit Agreement, any such payments to MAXXAM by KACC would require lender approval, except in certain specific circumstances

At December 31, 2000, the Company had certain tax attributes available to offset regular federal income tax requirements, subject to certain limitations, including net operating loss and general business credit carryforwards of $84.9 and $1 0, respectively, which expire periodically through 2019 and 2011, respectively, foreign tax credit ("FTC") carryforwards of $67.1, which expire primarily in 2004 and 2005, and alternative minimum tax ("AMT") credit carryforwards of $25.8, which have an indefinite life. The Company also has AMT net operating loss and FTC carryforwards of $45.3 and $89 8, respectively, available, subject to certain limitations, to offset future alternative minimum taxable income, which expire periodically through 2019 and 2005, respectively.

10. Employee Benefit and Incentive Plans

Pension and Other Postretirement Benefit Plans. Retirement plans are non-contributory for salaried and hourly employees and generally provide for benefits based on formulas which consider such items as length of service and earnings during years of service The Company's funding policies meet or exceed all regulatory requirements

The Company and its subsidiaries provide postretirement health care and life insurance benefits to eligible retired employees and their dependents Substantially all employees may become eligible for those benefits if they reach retirement age while still working for the Company or its subsidiaries. The Company has not funded the liability for these benefits, which are expected to be paid out of cash generated by operations The Company reserves the right, subject to applicable collective bargaining agreements, to amend or terminate these benefits Assumptions used to value obligations at year-end and to determine the net periodic benefit cost in the subsequent year are

	Pension Benefits			Medical/Life Benefits		
	2000	1999	1998	2000	1999	1998
Weighted-average assumptions as of December 31,						
Discount rate	7.75%	7.75%	7.00%	7 75%	7.75%	7.00%
Expected return on plan assets	9 50%	9.50%	9.50%	-	-	-
Rate of compensation increase	4.00%	4.00%	5.00%	4.00%	4.00%	4.00%

In 2000, the average annual assumed rate of increase in the per capita cost of covered benefits (i.e , health care cost trend rate) is 8.0% for all participants. The assumed rate of increase is assumed to decline gradually to 5.0% in 2009 for all participants and remain at that level thereafter

The following table presents the funded status of the Company's pension and other postretirement benefit plans as of December 31, 2000 and 1999, and the corresponding amounts that are included in the Company's Consolidated Balance Sheets

	Pension Benefits		Medical/Life Benefits	
	2000	1999	2000	1999
Change in Benefit Obligation:				
Obligation at beginning of year	$ 806.0	$ 872.5	$ 615.4	$ 616.8
Service cost	19.0	14.6	5.3	5.2
Interest cost	60 5	59.7	45.0	41.5
Currency exchange rate change	-	(5.7)	-	-
Curtailments, settlements and amendments	33.7	.4	(33.4)	-
Actuarial (gain) loss	9 1	(44 5)	79 5	1
Benefits paid	(92.5)	(91.0)	(53.6)	(48.2)
Obligation at end of year	835.8	806.0	658.2	615.4
Change in Plan Assets:				
FMV of plan assets at beginning of year	857.8	801.8	-	-
Actual return on assets	(18 0)	133.0	-	-
Employer contributions	10 7	14.0	53.6	48.2
Benefits paid	(92.5)	(91.0)	(53 6)	(48.2)
FMV of plan assets at end of year	758.0	857.8	-	-
Obligation in excess of (less than) plan assets	77 8	(51 8)	658 2	615.4
Unrecognized net actuarial gain (loss)	25 1	131 9	(21.6)	56.7
Unrecognized prior service costs	(45.1)	(15 2)	78 3	57.7
Adjustment required to recognize minimum liability	1.8	1.2	-	-
Intangible asset and other	3 0	2.6	-	-
Accrued benefit liability	$ 62.6	$ 68.7	$ 714.9	$ 729 8

The aggregate accumulated benefit obligation and fair value of plan assets for pension plans with accumulated benefit obligation in excess of plan assets were $789 3 and $748.5, respectively, as of December 31, 2000, and $92.4 and $79 7, respectively, as of December 31, 1999

	Pension Benefits			Medical/Life Benefits		
	2000	1999	1998	2000	1999	1998
Components of Net Periodic Benefit Costs:						
Service cost	$ 19.0	$ 14.6	$ 14 2	$ 5 3	$ 5 2	$ 4.2
Interest cost	60.5	59.7	59.7	45.0	41 5	37 5
Expected return on assets	(77.9)	(72 9)	(69.4)	-	-	-
Amortization of prior service cost	3.9	3 3	3 2	(12 8)	(12.1)	(12.4)
Recognized net actuarial (gain) loss	(1.9)	.7	1 4	-	-	(7.1)
Net periodic benefit cost	3 6	5.4	9.1	37.5	34.6	22 2
Curtailments, settlements, etc	.1	4	3.2	-	-	-
Adjusted net periodic benefit costs	$ 3.7	$ 5.8	$ 12.3	$ 37 5	$ 34 6	$ 22.2

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one-percentage-point change in assumed health care cost trend rates would have the following effects

	1% Increase	1% Decrease
Increase (decrease) to total of service and interest cost	$ 6 8	$ (5.0)
Increase (decrease) to the postretirement benefit obligation	$ 68.3	$ (48.0)

Postemployment Benefits The Company provides certain benefits to former or inactive employees after employment but before retirement

Incentive Plans The Company has an unfunded incentive compensation program, which provides incentive compensation based on performance against annual plans and over rolling three-year periods. In addition, the Company has a "nonqualified" stock option plan and KACC has a defined contribution plan for salaried employees. The Company's expense for all of these plans was $5 7, $6.0 and $7 5 for the years ended December 31, 2000, 1999 and 1998, respectively.

Up to 8,000,000 shares of the Company's Common Stock were reserved for issuance under its stock incentive compensation plans At December 31, 2000, 1,861,752 shares of Common Stock remained available for issuance under those plans. Stock options granted pursuant to the Company's nonqualified stock option program are granted at or above the prevailing market price, generally vest at a rate of 20 - 33% per year, and have a five or ten year term Information concerning nonqualified stock option plan activity is shown below The weighted average price per share for each year is shown parenthetically.

	2000	1999	1998
Outstanding at beginning of year ($10 24, $9 98 and $10.45)	4,239,210	3,049,122	819,752
Granted ($10.23, $11.15 and $9.79)	757,335	1,218,068	2,263,170
Exercised ($7 25 in both years)	-	(7,920)	(10,640)
Expired or forfeited ($11 08, $11.02 and $9.60)	(620,598)	(20,060)	(23,160)
Outstanding at end of year ($10 24, $10 24 and $9.98)	4,375,947	4,239,210	3,049,122
Exercisable at end of year ($10.18, $10.17 and $10 09)	2,380,491	1,763,852	1,261,262

Options exercisable at December 31, 2000 had exercisable prices ranging from $6.13 to $12 75 and a weighted average remaining contractual life of 3.4 years

11. Minority Interests and Pledged Shares of Common Stock

Minority Interests. The Company owns a 90% interest in Volta Aluminium Company Limited (" Valco") and a 65% interest in Alumina Partners of Jamaica (" Alpart"). These companies' financial statements are fully consolidated into the Company's consolidated financial statements because they are majority-owned. Interests of Alpart's and Valco's minority shareholders' (included in " Other" in the table below) are included in minority interests together with KACC's Redeemable Preference Stock and KACC's Preference Stock discussed below. Changes in minority interest were:

	2000		1999		1998	
	Redeemable Preference Stock	Other	Redeemable Preference Stock	Other	Redeemable Preference Stock	Other
Beginning of period balance	$ 19.5	$ 98.2	$ 20 1	$ 103.4	$ 27.7	$ 100.0
Redeemable preference stock -						
Accretion	-	-	1.0	-	1 1	-
Stock redemption	(2 0)	(8)	(1.6)	-	(8.7)	-
Reclassification (see below)	(17 5)	-	-	-	-	-
Minority interests	-	3.7	-	(5 2)	-	3.4
End of period balance	$ -	$ 101.1	$ 19 5	$ 98 2	$ 20.1	$ 103.4

In 1985, KACC issued its Cumulative (1985 Series A) Preference Stock and its Cumulative (1985 Series B) Preference Stock (together, the " Redeemable Preference Stock") each of which has a par value of $1 per share and a liquidation and redemption value of $50 per share plus accrued dividends, if any. No additional Redeemable Preference Stock is expected to be issued. In connection with the USWA settlement agreement (see Note 5), during March 2001, KACC redeemed all of the Redeemable Preference Stock (350,872 shares outstanding at December 31, 2000) The amount applicable to the unredeemed shares at December 31, 2000 ($17.5), was included in Other accrued liabilities. The net cash impact of the redemption on KACC was only approximately $5.5 because approximately $12.0 of the redemption amount had previously been funded into redemption funds (included in Prepaid expenses).

KACC has four series of $100 par value Cumulative Convertible Preference Stock ("$100 Preference Stock") outstanding with annual dividend requirements of between 4⅛% and 4¾% (included in "Other" in the above table). KACC has the option to redeem the $100 Preference Stock at par value plus accrued dividends KACC does not intend to issue any additional shares of the $100 Preference Stock. The $100 Preference Stock can be exchanged for per share cash amounts between $69 - $80. KACC records the $100 Preference Stock at their exchange amounts for financial statement presentation and the Company includes such amounts in minority interests. At December 31, 2000 and 1999, outstanding shares of $100 Preference Stock were 9,250 and 19,538, respectively

Pledged Shares. From time to time MAXXAM or certain of its subsidiaries which own the Company's Common Stock may use such stock as collateral under various financing arrangements At December 31, 2000, 26,737,443 shares of the Company's Common Stock beneficially owned by MAXXAM Group Holdings Inc. ("MGHI"), a wholly owned subsidiary of MAXXAM, were pledged as security for $130.0 principal amount of 12% Senior Secured Notes due 2003 issued in December 1996 by MGHI. An additional 7,915,000 shares of the Company's Common Stock were pledged by MAXXAM under a separate agreement under which $13.4 had been borrowed by MAXXAM at December 31, 2000.

12. Commitments and Contingencies

Commitments. KACC has a variety of financial commitments, including purchase agreements, tolling arrangements, forward foreign exchange and forward sales contracts (see Note 13), letters of credit, and guarantees Such purchase agreements and tolling arrangements include long-term agreements for the purchase and tolling of bauxite into alumina in Australia by QAL These obligations are scheduled to expire in 2008 Under the agreements, KACC is unconditionally obligated to pay its proportional share of debt, operating costs, and certain other costs of QAL. KACC's share of the aggregate minimum amount of required future principal payments at December 31, 2000, is $101.5 which matures as follows. $14.1 in 2001, $43.0 in 2002 and $44 4 in 2003. KACC's share of payments, including operating costs and certain other expenses under the agreements, has ranged between $92 0 - $96 0 over the past three years. KACC also has agreements to supply alumina to and to purchase aluminum from Anglesey

Minimum rental commitments under operating leases at December 31, 2000, are as follows: years ending December 31, 2001 - $36.5; 2002 - $32 3; 2003 - $29.4, 2004 - $26 9; 2005 - $26.4, thereafter - $78.0 The future minimum rentals receivable under noncancelable subleases was $132 3 at December 31, 2000

Rental expenses were $42 5, $41.1 and $34 5, for the years ended December 31, 2000, 1999 and 1998, respectively

KACC has a long-term liability, net of estimated subleases income (included in Long-term liabilities), on a building in which KACC has not maintained offices for a number of years, but for which it is responsible for lease payments as master tenant through 2008 under a sale-and-leaseback agreement. During 2000, KACC reduced its net lease obligation by $17 0 (see Note 1) to reflect new third-party sublease agreements which resulted in occupancy and lease rates above those previously projected.

Environmental Contingencies. The Company and KACC are subject to a number of environmental laws, to fines or penalties assessed for alleged breaches of the environmental laws, and to claims and litigation based upon such laws. KACC currently is subject to a number of claims under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments Reauthorization Act of 1986 ("CERCLA"), and along with certain other entities, has been named as a potentially responsible party for remedial costs at certain third-party sites listed on the National Priorities List under CERCLA.

Based on the Company's evaluation of these and other environmental matters, the Company has established environmental accruals, primarily related to potential solid waste disposal and soil and groundwater remediation matters. The following table presents the changes in such accruals, which are primarily included in Long-term liabilities, for the years ended December 31, 2000, 1999 and 1998

	2000	1999	1998
Balance at beginning of period	$ 48 9	$ 50 7	$ 29 7
Additional accruals	2.6	1.6	24.5
Less expenditures	(5.4)	(3.4)	(3.5)
Balance at end of period	$ 46.1	$ 48.9	$ 50 7

These environmental accruals represent the Company's estimate of costs reasonably expected to be incurred based on presently enacted laws and regulations, currently available facts, existing technology, and the Company's assessment of the likely remediation action to be taken. The Company expects that these remediation actions will be taken over the next several years and estimates that annual expenditures to be charged to these environmental accruals will be approximately $3 0 to $12 0 for the years 2001 through 2005 and an aggregate of approximately $21.0 thereafter

As additional facts are developed and definitive remediation plans and necessary regulatory approvals for implementation of remediation are established or alternative technologies are developed, changes in these and other factors may result in actual costs exceeding the current environmental accruals. The Company believes that it is reasonably possible that costs associated with these environmental matters may exceed current accruals by amounts that could range, in the aggregate, up to an estimated $35.0. As the resolution of these matters is subject to further regulatory review and approval, no specific assurance can be given as to when the factors upon which a substantial portion of this estimate is based can be expected to be resolved. However, the Company is currently working to resolve certain of these matters.

The Company believes that KACC has insurance coverage available to recover certain incurred and future environmental costs and is pursuing claims in this regard. During December 1998, KACC received recoveries totaling approximately $35.0 from certain of its insurers related to current and future claims. Based on the Company's analysis, a total of $12 0 of such recoveries was allocable to previously accrued (expensed) items and, therefore, was reflected in earnings during 1998 (see Note 1 - Other Income (Expense)). The remaining recoveries were offset against increases in the total amount of environmental reserves. No assurances can be given that the Company will be successful in other attempts to recover incurred or future costs from other insurers or that the amount of recoveries received will ultimately be adequate to cover costs incurred.

While uncertainties are inherent in the final outcome of these environmental matters, and it is presently impossible to determine the actual costs that ultimately may be incurred, management currently believes that the resolution of such uncertainties should not have a material adverse effect on the Company's consolidated financial position, results of operations, or liquidity.

Asbestos Contingencies KACC is a defendant in a number of lawsuits, some of which involve claims of multiple persons, in which the plaintiffs allege that certain of their injuries were caused by, among other things, exposure to asbestos during, and as a result of, their employment or association with KACC or exposure to products containing asbestos produced or sold by KACC The lawsuits generally relate to products KACC has not sold for more than 20 years.